

**FISCAL MEMORANDUM  
SB 3126 – HB 3297**

March 24, 2008

**SUMMARY OF AMENDMENT (015474):** Requires the Division of Mental Retardation Services (DMRS) to make home and community based services available to individuals who meet certain requirement and increase the self-determination (SD) waiver population by at least 720 additional service recipients, or 360 more than currently planned and the comprehensive services waiver population by at least 480 additional service recipients, or 240 more than currently planned by June 30, 2009.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$141,992,200/FY08-09  
\$264,729,100/FY09-10 and Subsequent Years

Other Fiscal Impact – Increase Federal Expenditures –  
\$172,962,000/FY08-09  
\$320,938,324/FY09-10 and Subsequent Years

(Funding of \$7,755,600 is included in the Governor’s FY08-09 Recommended Budget)

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures - \$81,140,500/FY08-09  
\$150,292,700/FY09-10 and Subsequent Years**

**Other Fiscal Impact – Increase Federal Expenditures –  
\$140,575,700/FY08-09  
\$260,373,200/FY09-10 and Subsequent Years**

**(Funding of \$7,755,600 is included in the Governor’s FY08-09 Recommended Budget)**

Assumptions applied to amendment:

- Each month, DMRS will increase the SD waiver population by 30 service recipients at a rate of \$82.19 per day (\$30,000 annual cap/365 days).

- Each month, the population will increase by 30 recipients until there are a total of 360 service recipients resulting in an increase in expenditures of \$5,828,915 in FY08-09. Expenditures for FY09-10 and thereafter are based on 360 service recipients receiving a full year of services resulting in an increase of \$10,799,766 ( $360 \times \$82.19 \times 365$ ).
- The DMRS state wrap around of five dollars per enrollee per day will result in an increase in state expenditures of \$354,600 in FY08-09 and \$657,000 in FY09-10 and subsequent years.
- Each month, DMRS will increase the comprehensive services waiver population by 20 service recipients at a rate of \$202 per day.
- Each month, the population will increase by 20 recipients until there are a total of 240 service recipients resulting in an increase in expenditures of \$9,550,560 in FY08-09. Expenditures for FY09-10 and thereafter are based on 240 service recipients receiving a full year of services resulting in an increase of \$17,695,200 ( $240 \times \$202 \times 365$ ).
- The DMRS state wrap around of \$11 per enrollee per day will result in an increase in state expenditures of \$520,080 in FY08-09 and \$963,600 in FY09-10 and subsequent years.
- The increase in expenditures related to increasing the population of both waivers will be funded through TennCare at a state rate of 35.862 percent and a federal match rate of 64.138 percent. Of the \$15,379,475 in FY08-09, \$5,515,387 will be state funds and \$9,864,088 will be federal funds. Of the \$28,494,966 in FY09-10 and thereafter, \$10,218,865 will be state funds and \$18,276,101 will be federal funds.
- The Bureau of TennCare estimates that 85 percent, or 4,870 ( $(6,329 - 360 - 240) \times .85$ ) of the remaining individuals on the waiting list will be eligible for Medicaid, either through the TennCare state plan or DMRS.
- These 4,870 will receive services at an average rate of \$212.35 per day. These service recipients will be phased in throughout FY08-09 resulting in an increase in expenditures of \$203,797,391. Expenditures for FY09-10 and thereafter are based on 4,870 service recipients receiving a full year of services resulting in an increase of \$377,462,743 ( $4,870 \times \$212.35 \times 365$ ).
- These services will be funded through TennCare at a state rate of 35.862 percent and a federal match rate of 64.138 percent. Of the \$203,797,391 in FY08-09, \$73,085,820 will be state funds and \$130,711,571 will be federal funds. Of the \$377,462,743 in FY09-10 and thereafter, \$135,365,689 will be state funds and \$242,097,054 will be federal funds.
- The DMRS state wrap around will result in an increase in state expenditures of \$1,664,586 in FY08-09 and \$3,087,535 in FY09-10 and subsequent years.

- According to the Department of Finance and Administration, \$7,755,600 in state and federal funds is included in the FY08-09 Budget Document for an increase of 72 service recipients in the comprehensive services waiver and 528 service recipients in the self-determination waiver.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and "W".

James W. White, Executive Director

/kml